



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18
Change From Prior Week	.00	-.01	-.05	-.16	-.05	.04	.08	.10	.01	-.07	-.02	-.04

WEEKLY MARGINSMART® Notes From President Mark Linzmeier



The weekly newsletter will keep you up-to-date on various topics such as market news, upcoming events, and getting the most out of MARGINSMART®.

MARGINSMART® Tip of the Week

This week's tip of the week relates to an update on the BST reduction impact. Last year we had indicated that we felt there would be a reduction in milk production in Wisconsin due to processors requiring milk producers eliminate BST use. The following is an update... Milk production increases in Wisconsin for Jan – April 2017 have been reduced from the past three years. For this 4-month period, 2015 milk production increased 2.52% from 2014 while 2016 production increased 3.40% from 2015. Now in 2017 production has only increased by 1.05%. That means 2017 is nearly 2% lower than the 2015/2016 numbers for the same months, or approximately 1.5#s per cow per day lower. Keep in mind that not all herds in Wisconsin were using BST, not all processors required producers to eliminate use and not all impacts were fully felt by April 2017. I can also state that most of our customers that have transitioned away from BST have lost an average of 5 pounds per cow per day. However, most have seen an average increase in BF% of .15%, small increases in protein %, and reduced feed intakes of approximately 2# of DM. We will update this again in a future newsletter.

Milk: The final May '17 announced Class III price was \$15.57 per cwt. – up \$.35 from April '17 and up \$2.81 from May '16. The final May '17 Class IV price was \$14.49 per cwt., up \$.48 from April '17, and up \$1.40 per cwt. from May '16.

Market News

Grains/Cattle

Summary of USDA 6/5/17 Crop Progress Report

- Corn – 96% planted vs. 97% last year and 97% for 5 yr. avg
- Corn Emerged - 86% vs. 88% last yr and 87% for 5 yr avg
- Corn Condition – 68% Good and Excellent vs. 75% last year
- Soybeans - 83% planted vs. 82% last yr and 79% for 5 yr avg
- SB Emerged - 58% vs. 62% last yr and 59% for 5 yr avg
- Cotton planted – 80% vs. 73% last yr and 80% for 5 yr avg
- Cotton Condition – 61% Good and Excellent vs. 47% last year

MARGINSMART Insight

LAST YEAR WE HAD DISCUSSED THE POTENTIAL IMPACT OF REDUCED MILK PRODUCTION IN WISCONSIN DUE TO PROCESSOR REQUIREMENTS TO ELIMINATE BST USE. SEE THE TIP OF THE WEEK FOR MORE INFO!

Contact us for a FREE MARGINSMART® Demo!

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Market Price Updates (As of 6/2/2017 Close)

	May'17	+/-*	Jun'17	+/-*	July'17	+/-*	Aug'17	+/-*	Sep'17	+/-*	Oct'17	+/-*	New Crop	+/-*
Class III Milk	15.61	+0.00	16.52	+0.01	16.95	-.09	17.18	-.22	17.33	-.11	17.25	+0.01	16.95	+0.09
Class IV Milk	14.59	+0.04	16.11	+0.18	16.82	+0.39	17.10	+0.42	17.31	+0.43	17.28	+0.31	17.10	+0.16
Cash Butter	2.19	+0.00	2.43	+0.04	2.52	+0.07	2.53	+0.07	2.53	+0.06	2.52	+0.05	2.45	+0.05
Cash Cheese	1.54	+0.00	1.64	+0.00	1.69	-.02	1.74	-.01	1.76	+0.00	1.76	+0.01	1.73	+0.00
Corn	3.62	+0.00			3.73	-.01			3.81	-.01			3.91	-.01
Soybeans	9.54	+0.00			9.21	-.05	9.24	-.05	9.24	-.04			9.25	-.04
Soybean Meal	310	+0			302	+0	304	+1	305	+1	306	+1	307	+1

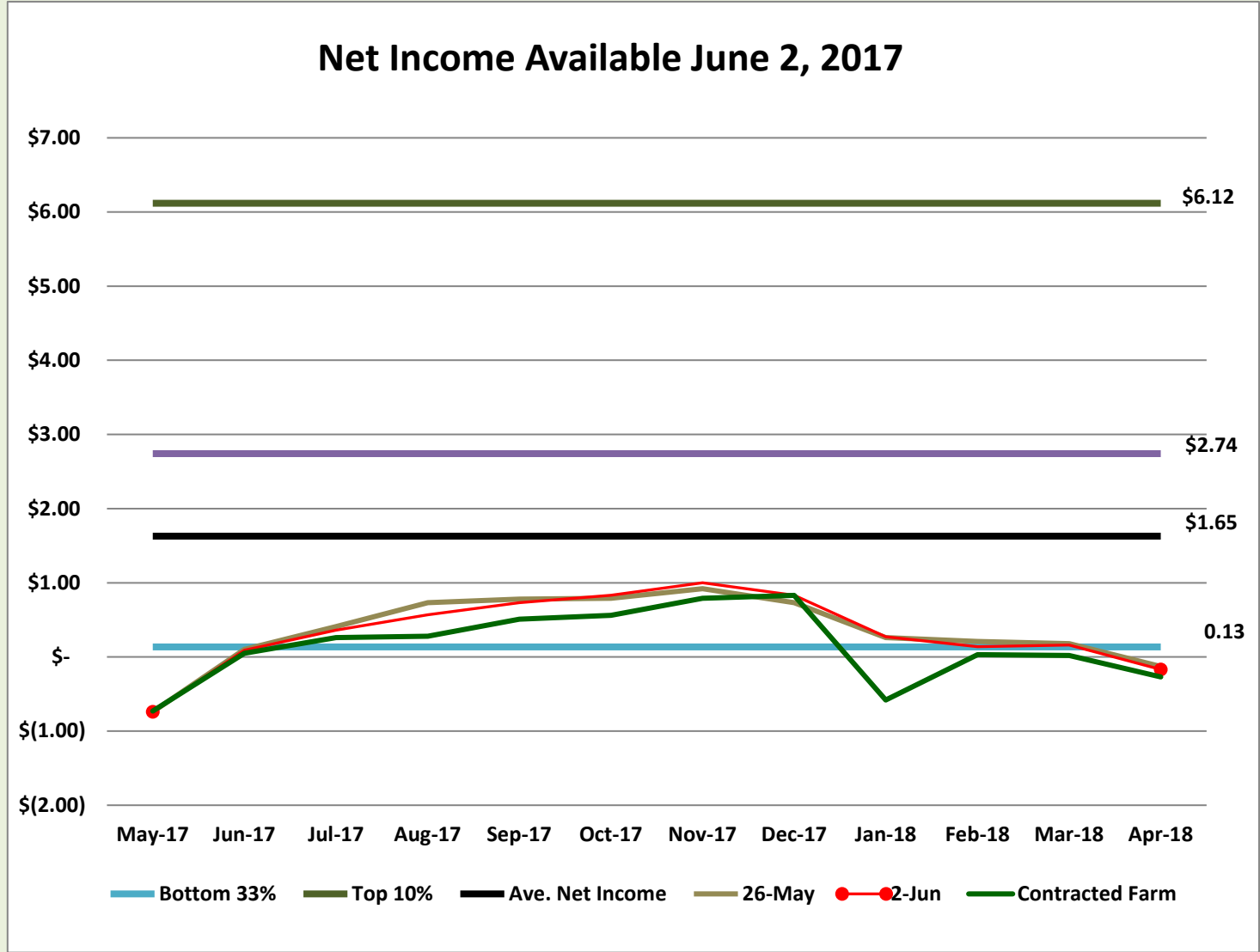
*Change from the Previous Week Price

**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)



MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 87 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities. We also show a green line for our Sample Farm that has executed milk and feed contracts as part of a price risk management strategy. **Effective 8/8/16, adjustments have been made to transition to no BST use by 3/31/17 which reduces milk production back to 83#s of milk per cow.**

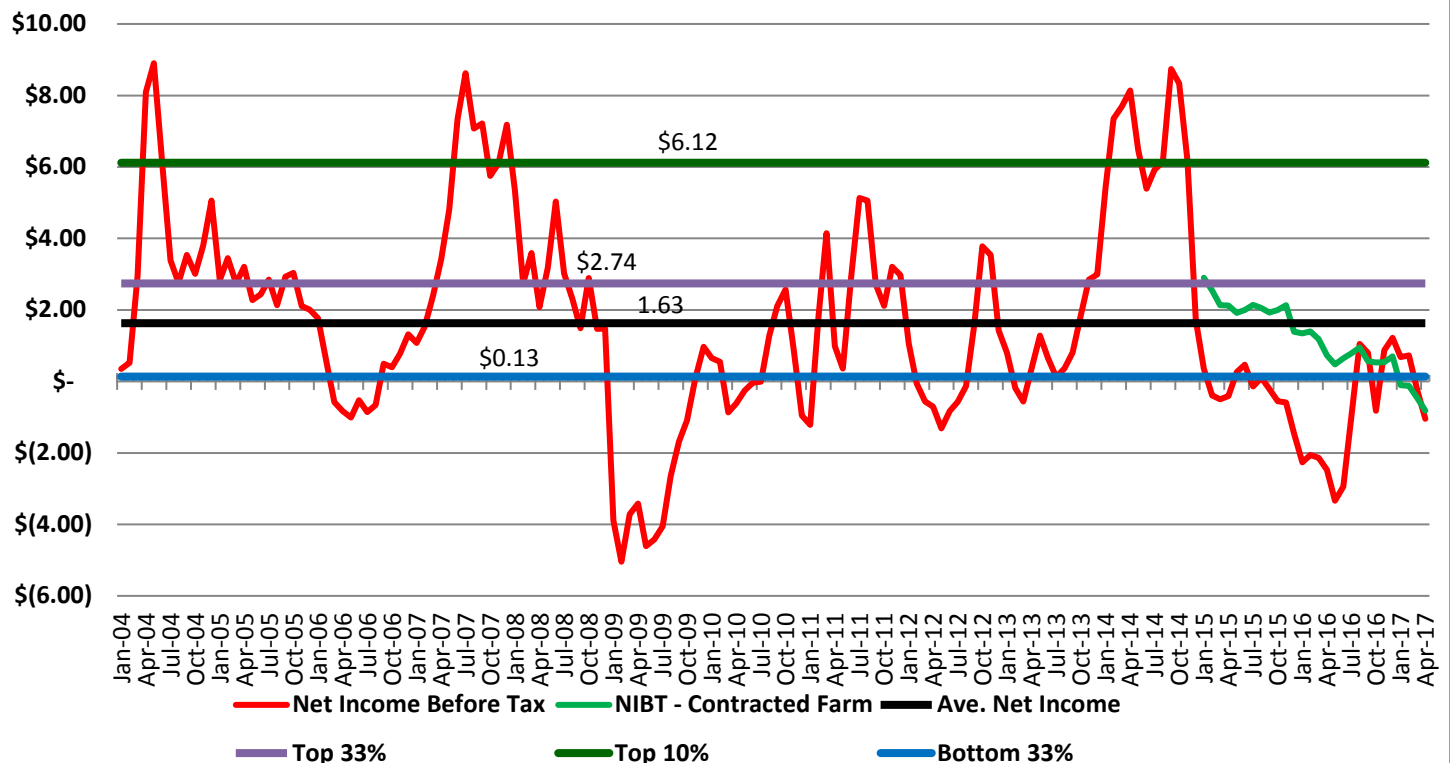
Net Income Available June 2, 2017





MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 87#s (current level – this has increased over the past 12 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 12 years' results (with adj. milk / day). The red line on the chart below shows the net income before tax for the last 12 years WITHOUT ANY contracting, and completely subject to market prices. It also shows the Top 10% (90th percentile), top 33% (67th percentage), the average and bottom 33% (33rd percentile.) **Effective 8/8/16, adjustments have been made to transition to no BST use by 3/31/17 which reduces milk production back to 83#s of milk per cow.**

2004-2017 Historical Net Income Before Tax





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Historical Annual Average Net Income Before Tax

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46	-.25	-1.01

Historical Quarterly Average Net Income Before Tax

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2004	1.27	7.70	3.22	3.95
2005	3.01	2.64	2.64	2.38
2006	0.58	-0.79	-0.34	0.83
2007	1.66	5.19	7.64	6.34
2008	3.90	3.43	2.27	1.95
2009	-4.22	-4.15	-2.79	-0.01
2010	0.11	-0.30	1.13	0.82
2011	1.58	1.42	4.30	2.76
2012	0.15	-0.95	0.30	2.92
2013	0.02	0.77	0.43	2.57
2014	6.82	6.67	6.93	5.41
2015	-.18	.11	-.08	-.87
2016	-2.15	-2.92	0.31	.33
2017	.39			